

TANF - ATTACHMENT TO OPTION 2

Increase the education level of recipients, ex-recipients, and the working poor such as noncustodial parents; and providing job retention and advancement services

Description and Background:

Studies conducted across the nation have shown that about ¼ of recipients who have left welfare due to employment lose their jobs within three months, and at least half are no longer working within one year. The Center for Budget and Policy Priorities found that only about 40% of welfare leavers maintain employment steadily throughout the year after they leave. (CBPP, Dec 3, 2000 “Work Supports and Welfare Reform” presented at the Funding State Services Conference in D.C.) A 2-year panel evaluation study conducted in Louisiana showed that leaving welfare did not significantly increase the percentage who were employed. In 1998, 32% of survey respondents (all of whom were on welfare) were employed. In 1999, 41% of respondents were still on welfare, however, only 39% of total respondents were employed. Additionally, those surveyed had very low income levels. The average annual income of 1998 respondents was \$8,679 or 66% of the federal poverty level. In 1999, the average annual income of respondents increased slightly to \$9,444 but was still only 68% of the federal poverty level.

The problem of job retention and low wage jobs is not limited to the welfare population, which was 26,405 in December 2000. Income statistics show that 19% of Louisiana’s working parents are considered “working poor” (below 150% of the federal poverty limit). In addition, 7% of workers and 18% of the total population live in poverty. Moreover, 38% of the population 16 and older are not in the labor force. (LA Workforce Commission) While there are many underlying causes that contribute to these statistics, one of the major problems is educational attainment.

The National Center for Education Statistics reported in its literacy survey that individuals demonstrating higher levels of literacy were more likely to be employed, work more weeks in a year, and earn higher wages than individuals demonstrating lower proficiencies. In 1996, 28% of adults were functionally illiterate and 61% scored in the lowest and middle categories of literacy. The factor that contributes the most to adult illiteracy is high school attainment. The nationwide 1992 Literacy survey found that 62% of illiterate adults had terminated their education before completing high school.

The Corporation for Enterprise Development in its 2000 Development Report Card ranked Louisiana 47th in high school attainment and 48th in high school graduation.¹ Another survey, the 2000 Kid Count survey produced by the Annie E. Casey Foundation, reported that 11% of 16-19 year olds or nearly 40,000 students dropped out of school in

¹ High School Attainment = 77.6% of Heads of Households with at least 12 years of education in 1999.

High School Graduation = 55% of students graduating in 1997 who entered 9th grade four years previously.

1997. Last, the U.S. Census Bureau reported in its March 2000 Current Population Survey that approximately 524,000 Louisiana adults aged 18 and older were without a high school education.

These statistics reveal the need for expanded basic skills training and job retention and advancement services for both ex-recipients of welfare and the working poor. Training in adult literacy, GED test preparation, and job preparation is crucial to ensure that adults who lack basic skills can benefit from the occupational skills training currently provided in the state.

Who currently provides basic skills training and how many are being served?

Funding for basic skills training is available through a number of departments and programs. Although expenditures for the last fiscal year presented in the table below do not reveal this, the bulk of FY 00-01 funding for workforce development is not in the area of basic skills (job preparation, GED, ESL, adult education/literacy), instead it is in other areas such as occupational skills training. Other significant programmatic areas of funding include secondary education and services targeted towards the disabled.

**Number of Individuals provided Training
including Basic Skills Training in FY 99-00**

Department Program	Number Enrolled in FY 99-00	FY 99-00 Expenditures
Adult Education (DOE)	41,632	\$12,391,422
Job Training—adults (DOL)	6,924	\$45,812,666 (see Note 1)
Find Work—welfare (DSS)	7,279	\$8.2 million (for ed. & training)
Incumbent Worker (DOL)	1,732	\$2,829,925 (see Note 2)
Workforce Training (DED)	1,675	\$1,488,922 (see Note 3)
Welfare-to-Work (DOL)	5,046	\$25,894,858
Adult Services (Corrections)	3,227	\$2 million (see Note 4)
Vocational Ed (LCTCS)	1,628	\$4,580,400 (see Note 5)
TOTAL	69,143	\$103,198,193

Note 1: Since the inception of the program, 27 participants have been reported as receiving local adult education and basic skills training. This is included in expenditures for “post employment services” totaling \$556,848. Educational services could also be provided under a different activity such as a mentoring program.

Note 2: The existing operating budget for the Incumbent Worker Training Program is \$59,472,394 and an estimated 35,716 workers are expected to be trained in approved contracts by the end of the FY 00-01.

Note 3: The DED Worker Training Program is \$6.5 million in FY 00-01 and an estimated 6,500 workers are expected to be trained in approved contracts by the end of the FY 00-01.

Note 4: Figures for the Adult Services Program in DOC represent budgeted FY 00-01 amounts.

Note 5: The dollar amount used for the estimate may be higher than actual expenditures.

FY 99-00 expenditures targeted towards specific populations such as FIND Work, Welfare-To-Work and Adult services in the Corrections budget are not open to the general public. Other targeted programs not shown in the above table include DSS Vocational Rehabilitation Services, Elderly Affairs, Community Services Block Grant, Veterans Education and LA JET.

The Incumbent Worker and the DED Workforce Development and Training programs provide occupational skills training in the context of business ventures. The only non-targeted basic skills training programs for poor adults are the Department of Education Adult Education Program and the Department of Labor's Job Training Program.

How can the state use TANF and MOE dollars to expand basic skills training?

In order to use TANF or state MOE funds to support the expansion of basic skills training, the state would have to prove that it fulfills one of the four purposes of TANF listed earlier in the report. Because this initiative targets a population with significant employment/job retention barriers, and because statistics show that such individuals are likely to be poor, it will fulfill the second TANF purpose by promoting job preparation and work. The only restriction would be that such individuals must have a minor child living in their homes. Such a program could also assist ex-recipients who have left the rolls before reaching their 24-month time limits.

To determine potential beneficiaries, the state should expand eligibility criteria to include former recipients, noncustodial parents and the working poor. This would entail setting some kind of income standard different from the current standard for the receipt of cash assistance through the state welfare program. This is allowed by TANF regulations and indeed, many states have developed different eligibility categories for different programs. Program clients would not be subject to time limits, work requirements or paternity establishment because this program would be classified as a "non-assistance" program.

What mechanism should be used to expand basic skills training with TANF funds?

There are a number of options to accomplish this goal. Two departments have been identified that provide this service to the general population of adults without high school diplomas—the Department of Education and the Department of Labor. The state may opt to transfer some TANF dollars directly to one or both of these departments for the

expansion of existing basic education and skills training to adults aged 18 through 64 who have children and who have not completed high school.

An alternative approach, which could potentially assure more coordination and a focus on performance outcomes, would be to transfer some TANF/MOE funds to the LA Workforce Commission. The Commission would develop criteria, in conjunction with DSS, DOL and DOE, for the awarding of contracts to established entities that provide these services. Such criteria would allow the state to meet the second purpose outlined in TANF regulations. Placing the funding with the Workforce Commission would permit more coordination and allow the use of agency expertise. The state would also benefit from the fact that the Commission already maintains a performance-based scorecard on many training providers throughout the state.

This alternative would fit with the duties and functions outlined for the Workforce Commission in R.S. 23 § 2065. The statute states that the commission shall “promote the development of a well-educated, highly skilled workforce in this state through literacy, adult basic education, community education, apprenticeship, and state-of-the-art occupational skills education and training programs.”